

Clarification of 2015 TB Budget and funding formula proposal to CLHO

November 13, 2014

Background

An in-depth review of Public Health Division federal grant budgets during late 2013 revealed that many existing Public Health Division (PHD) federal grant budgets did not recognize the full direct and administrative costs for the acquisition and administration of federal funds. In early 2014, PHD worked closely with the Oregon Health Authority (OHA) Budget Office to:

- Analyze the impact of the existing practice,
- Develop new grant budgeting standards to assure compliance with federal OMB requirements, and
- Assure all PHD federal grant budgets appropriately account for all direct and administrative costs.

These new standards for federal grant budgets became effective July 1, 2014. The 2015 TB Program federal grant budget was developed using these new standards.

Summary of 2015 TB Federal Budget Development

TB Program staff assessed state program expenses as a first option for reductions. State positions are limited to three deemed essential to meet statutory and grant-driven deliverables, as well as to provide technical assistance to County Health Departments. They are: State TB Controller, the TB Epidemiologist and a part time clerical position. A 0.2 FTE reduction of administrative support was made in August 2014 and carries forward into the 2015 federal award. Grant-required state travel was reduced as was the contract amount for the TB Consulting physician. Unfortunately, telecommunications and supplies as well as support for client housing and nutrition required an increase, based on history and client need. Staff was unable to secure additional revenue to support the TB Program.

TB program staff next assessed program capacity and performance. Nineteen counties currently receive less than \$3,500/year to support TB investigation and control services. A review of current available resources for the remaining six months of this biennium showed that 20 counties would receive less than \$1,200. Some counties report no TB cases, and most occur in four counties. Staff recommended a new funding formula to concentrate resources in the four most affected counties: Clackamas (\$6,070), Marion (\$14,018), Multnomah (\$36,910) and Washington (\$18,224). Unfunded counties would continue to conduct TB work within their local communicable disease capacity, and the state program would assist in complex cases or wide spread outbreaks.

The proposed formula was approved by members of the CLHO-CD Committee. Unfortunately, there was an error in the document presented for review. The 9/3/14 document (Attachment #1) reflected \$125,181 available for payments to counties. The \$125,181 was in error because the document addressed only the last six months of the biennium, and should have reflected a contribution of only one quarter of the biennial General Fund amount or \$50,091 (25% x \$220,363). Instead the 9/3/14 document included a full twelve months of GF (\$100,181), and an estimated federal grant amount of \$25,000.

The TB Controller presented a revised (9/26/14) document (Attachment #2) to the CLHO Healthy Structures Committee for consideration. Corrections made in the middle and right hand columns reveal a total amount available for county payments of \$75,222, which reflects six months of General Fund (\$50,091) and six months of the actual federal grant award amount (\$25,131). We apologize for the error on the initial schedule, and hope that this summary removes any remaining confusion.

Summary of Attachment #3 Content

CLHO has expressed a desire to review a budget reflecting all resources (grants, fees and general fund) available to PH programs when CLHO is asked to approve funding formulas. The attached 2014-2015 budget comparison (Attachment #3) is designed to provide that information.

The budget comparison document shows 2014 and 2015 funding including general fund (GF). All but \$12,500 (\$6,250 per year) of the program's General Fund is directed to local health departments and TB patients. Essential state employees are paid by the federal grant. The budget columns indicate State and Local beneficiaries (e.g., funds for TB testing are listed under County as a beneficiary, since tests are run on county residents). The last page presents the distribution of resources. The state numbers represent the full costs to the state of acquiring and administering the TB grant funds. The intent is to serve all Oregonians regardless of where the funds are spent.

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OHA TB Budget Comparison 2014 v 2015, 11 NOV 2014 Attachment #3

| | 2014 CDC AWARD Jan – Dec 2014 | | 2015 CDC REQUEST Jan – Dec 2015 | | 13-15 GF Allocations per year for years 2014 and 2015 ⁽¹⁾ | |
|-------------------------------|----------------------------------|--------|------------------------------------|--------|--|--------|
| Resource attributed to: | State | County | State | County | State | County |
| FTE | 3.0 /2.8* | | 2.8 | | 0.02 | |
| Personnel | 276,978 | | 271,180 | | 5,000 | |
| Travel – grant required | 3,285 | | 2,139 | | 500 | |
| PH Lab tests for LHD clients | 54,462 | | 47,959 | | | |
| Contractual Total | 133,592 | | 73,662 | | 100,181 | |
| <i>Detail</i> | (annual) | | (annual) | | | |
| LHD payments | 119,460 | | 50,262 | | 100,181 | |
| Mult. Co Supplement | 14,132 | | ----- | | | |
| Consulting TB Physician | ----- | | 23,400 | | | |
| Services/Supplies/Other Total | 50,579 | | 86,293 | | 63,250 | |
| <i>Detail</i> | | | | | | |
| Consulting TB Physician | 29,321 | | ----- | | ----- | |
| Medical S&S (TB Drugs) | ----- | | ----- | | 62,500 | |
| Chest X-rays | 11,078 | | 10,080 | | | |
| Incentives / Enablers | | | | | | |
| Housing | 5,400 | | 10,400 | | | |
| Nutrition | 1,500 | | 6,000 | | | |
| Telecommunication | 1,200 | | 2,112 | | | |
| Supplies | 1,620 | | 1,901 | | | |
| Copy, Fax, Eqpt. Leases | 460 | | 420 | | | |
| Dues & Subscriptions | ----- | | ----- | | 500 | |
| Attorney General | ----- | | ----- | | 250 | |
| Facilities** | ----- | | 32,988 | | | |
| IT Support** | ----- | | 1,596 | | | |
| Risk Assessment** | ----- | | 2,268 | | | |
| State Gov't charges** | ----- | | 18,528 | | | |
| Total Direct Costs | 518,896 | | 481,233 | | 168,931 per year or biennial amount of 337,862 | |
| Cost Allocation | 62,533 | | 83,973 | | ----- | |
| Total | 581,429 | | 565,206 | | 168,931 / year | |

Notes:

*0.2 FTE moved to HIV Community Services assignments effective 8/1/2014

** New per 2015 business model reflecting full cost of acquiring federal funds and managing federal grants.

The 2015 AWARD could be less than the REQUEST when funded.

Costs for Facilities, IT, Risk Assessment, and State Government Charges could be less than estimated. In that case the difference will go to counties per formula.

(1) Please note: exhibit assumes the continuation of State General Fund support for the TB program for July through December 2015 at the current funding level.

Summary of Total Resources for Tuberculosis Control

| | 2014 | 2015 |
|------------------------------------|----------------|------------------------|
| | | |
| CDC Grant Funds | 581,429 | 565,206 |
| General Funds | 168,931 | 168,931 |
| Less Cost Allocation | -62,533 | -83,973 |
| <i>Total Available</i> | <i>687,827</i> | <i>650,164</i> |
| | | |
| Amount to State | 289,793 | 339,382 ⁽²⁾ |
| Amount to Counties | 398,034 | 310,782 |
| | | |
| Percent to State ⁽³⁾ | 42.13% | 52.20% |
| Percent to Counties ⁽³⁾ | 57.87% | 47.80% |

(2) Includes full costs to state of acquiring and administering grant funds

(3) Percentages reflect share of total resources available for program activities